Specification:

Please delete paragraph [0005] in its entirety and replace with the following:

[0005] Remarketing surplus products is a challenge for manufacturers and dealers in many industries, and in particular the equipment industry. Stale new inventory and "slightly used" product competes for customers with goods direct from the assembly lines. Equipment ownership and usage patterns have changed and continue to change. Whereas most new product was once sold to end users, now many industry segments deliver more than 65% of new product to "Rental/Lease Fleets". Equipment sold is often guaranteed for its [[it's]] future value. Customers have transferred many elements of ownership risk to manufacturers and dealers by forcing sellers to provide rentals, leases, or future value guarantees. Consumer preference to rent is driven by a composite of factors including tighter lending standards, lack of tax incentives, increasing complexity and specialization of equipment, volatility of equipment values within their industries, and increasing availability and competitiveness of short term equipment rental solutions. Rentals, long term leases, and "buy back" agreements provide customers use of equipment without the ownership obligations or liabilities. Manufacturers and [[D]]dealers remain "at risk" and responsible for rental, lease and "buy back" equipment until its [[it's]] ultimate sale. In view of these marketing techniques, as well as improvements in the useful life of a product, the burden or remarketing more of these products after their first substantial use remains with manufacturers, dealers and other rental operators. In many cases, the most severe competition for new sales is generated by identical "used product" rather than by new product of competitive manufacturers.

Please delete paragraph [0008] in its entirety and replace with the following:

[0008] Conventionally, auctions of used equipment or the like require that the equipment be brought to the auction site and presented by the seller where the auction takes place. Additionally, all participants to the auction must assemble at the auction site. Such an auction, therefore, is typically limited to regional geographic areas due to the costs of assembling equipment as well as participants. Scale is crucial to auction success. Scale attracts buyers. The more buyers, the better the result. The more specialized the product, the greater the distance both buyer and product must travel for the auction to achieve scale or critical mass. Freight on large equipment is expensive, and moving equipment to an auction site[[,]] and then removing

the same equipment, if not sold, produces an inefficient non-value added expense. These expenses are further incurred by buyers traveling to auctions.

Please delete paragraph [0010] in its entirety and replace with the following:

[0010] In accordance with one embodiment, a system for conducting interactive auctions with remote bidders is provided. The system includes an auction system operable to maintain information related to a subject of an auction and a remote bidder system in communication with the auction system. The remote bidder system is operable to communicate a bid, including bid information, to the auction system based on a price for the subject of the auction. The auction system uses at least a portion of the bid information to accept the bid where the price for the subject of the auction is the same when the bid is processed by the auction system and to reject the bid where the price for the subject of the auction has changed when the bid is processed by the auction system.

Please delete paragraph [0019] in its entirety and replace with the following:

[0019] Referring to **Figure 1**, an interactive remote auction bidding system for conducting an auction among participants located at remote locations is illustrated, and is generally identified by the numeral 10. System 10 allows participants located at remote locations 12, 12a, 12b-12n to communicate with an auction site 14 via a communications network 16. Located at each remote site 12 is at least one data input device 18. Data input device 18 may comprise, for example, a conventional Touch Tone® telephone having a key pad which generates dual-tone multi-frequency signals (DTMF). Additionally, data input device 18 may include a cellular, digital, PCS or other wireless telephone, two-way pager, other radio wave transmitter/transponder, personal computer, personal digital assistant (PDA), or other wireless device[[,]] for generating bid acceptance data for communication over the network 16 to auction site 14.

Please delete paragraph [0022] in its entirety and replace with the following:

[0022] Communications network 16 may include, for example, and is not limited to, a conventional telephone network, cellular network, paging network, virtual private network, satellite communications system, cable broadcast system, and television broadcast system.

Network 16 may comprise a combination of various types of communications systems for communicating data between remote locations 12 and auction site 14. The configuration of network 16 depends upon the type of equipment used by participants at remote locations 12, and in its simplest form may include a telephone switching network and broadcast television system, while in other embodiments, the configuration will include the Internet either alone or in combination with other communication systems. In some embodiments, network 16 comprises a network between auction site 14 and input devices 18 comprising a multitude of individual connections (one per input device) with individual exchange of information and a separate broadcast network between auction site and displays at remote locations where the broadcast is uniformly sent out to remote displays. The term broadcast, as used herein, includes any transmission or broadcast of signals over one or more networks or systems, such as, but not limited to, a telephone network (standard, wireless, or otherwise), a cable or television broadcast system, or the Internet, regardless of whether the signal includes audio and/or video portions, and regardless of the nature or differences in transmission of signals over various systems. For example, a signal broadcast via a television broadcast system may be sent from a single location and a similar signal is received nearly simultaneously by a plurality of remote locations 12. By contrast, a transmission via the Internet may be accomplished by a blast transmission from a server to a plurality of remote client applications, periodic requests from the client applications and responses to these requests by a server, or where various clients, such as a remote location 12, obtain the transmission or part thereof in different ways. For example, one remote location 12 may receive the transmission or broadcast via a Webcast, another may employ an Internet browser for viewing a web page that is updated with the transmission in some manner, while still others may employ a client application to pull or otherwise receive all or portions of the transmission at different times and in different manners to accommodate the considerations, such as bandwidth and hardware limitations, of the systems at particular remote locations 12.

Please delete paragraph [0023] in its entirety and replace with the following:

[0023] In its preferred embodiment [[A]]auction site 14 comprises a location remote from at least some of the participants at which bids are accepted and the auction is controlled. The auction is controlled by an auctioneer 24 located at auction site 14. Auctioneer 24 functions in a capacity similar to the capacity of an auctioneer in a typical auction where participants are

located at the auction site. Equipment to be auctioned at auction site 14 may or may not be physically present at auction site 14. Located at auction site 14 is a receiver/transmitter processor 26 which receives and transmits bid information via network 16 to and from remote locations 12. Receiver/transmitter processor 26 may include, for example, a dual-tone multi-frequency receiver/processor for monitoring DTMF signals generated by input devices 18 at each remote site 12. Additionally, processor 26 may include voice recognition technology for receiving and decoding voice input from input device 18. Processor 28 is capable of identifying and monitoring each input device 18 from a remote site 12 as well as communicating via network 16 with each remote site 12.

Please delete paragraph [0025] in its entirety and replace with the following:

[0025] In another embodiment, part or all of the video feed may be provided by a managed image/video display automated and activated (with timing tweaks available as well in some embodiments) by a control panel. In one version of this embodiment, a storage disk or directory containing digital pictures, and potentially digital videos, is set up. One of the stills or videos is identified as the starting point. The system automatically starts with the first digital image, preferably staying on that image for about 4-6 seconds, and then follows through all others in the directory, preferably every about 3-4 seconds each, without having to know how many are in the directory or what the names of the images in the directory are. This system may also be used to automate lot number insertion into the images and/or the vendor logo for the specific consignor of the lot. The CHYRON (or similar device) is separately providing bidding info (e.g., model, serial number, hours) for integration into the same display. Each (the automated pictures, the CHYRON, and the live feed of the auctioneer) is a source received by the control room which may shrink, expand, swap, and/or [[an/or]] composite the sources as desired. Further, if the pace of the displays is considered too fast or too slow, in an embodiment, the control room may use the control panel of the automated image/video display to speed or slow the progression. In one embodiment, a ticker style crawl may be added to the lower portion of the video display. This may be used to provide configuration information and selling points regarding the current item being auctioned while the other components of information are playing above it. Information provided could include the manufacturer, model, options or packages included, model year, serial number, number of hours of usage, location, and other selling points of interest.

Please delete paragraph [0030] in its entirety and replace with the following:

[0030] In an alternative embodiment, broadcaster 34 or an alternative device may, in addition to providing audio over the broadcast network, also provide audio of the broadcast back down the component of network 16 connecting to individual input devices 18. In this embodiment, the system delivers audio of the event over what is a telephone line and has it run in background only to be superceded by the IVR system. Accordingly, a buyer need not be watching a video broadcast to participate and can conceivably receive his reminder from the IVR system on a cell phone or other phone not in proximity to a video signal. By following the auctioneer's chant the buyer may, if he wishes, bid based only on the audio information from the auction. This may be less desirable for bidders as it requires special attention to the auction chant. This audio feedback may be the full audio of the broadcast or may be selected audio from the broadcast conveying critical information. There may also be latency issues, as the latency of the input devices may have a different or much shorter latency than the latency of the broadcast network. In such a case, the sound sent down the network to the input devices may be delayed so that it arrives in the input device at the remote location 12 in sync with the audio from the broadcast. In one embodiment where the broadcast network is a television broadcast over a satellite, the audio can be delayed to have it experience the same latency as the broadcast (level playing field concept) by taking the audio off of a receiver carrying the satellite signal. This technique can help ensure that the same audio information arrives at the same time to avoid confusion. Note this inherent latency issue for synchronizing broadcast with another component of the network is distinct from the latency management and the programmed delays before accepting bids discussed later in this disclosure. In an additional alternative, the audio signal may be delivered over the network without latency adjustment whereby it arrives almost instantly by using the auction sound system as the source. This alternative could be particularly useful where a bidder at the auction site itself wishing to bid by telephone would receive the unadjusted audio, while remote bidders relying on the broadcast receive delayed audio synchronized with the broadcast.

Please delete paragraph [0033] in its entirety and replace with the following:

[0033] After initialization of the system, processor 26 begins accepting bids at step 70 from the participants at remote locations 12. Participants at locations 12 generate bid acceptance signals by utilizing input devices 18 such as, for example, by pressing the "#" symbol key on a

keypad of a telephone input device 18. Those participants not wishing to enter a bid do not touch any key on the telephone. Where processor 26 includes voice recognition capabilities, a participant may indicate acceptance of a bid by speaking into input device 18 such as "yip." ~~"yip".~~ Processor 26 continuously monitors communications link 28 for input bids at step 72.

Please delete paragraph [0034] in its entirety and replace with the following:

[0034] Processor 26 determines at step 74 whether a bid has been accepted. If a participant's bid has not been accepted, a response is generated to each participant whose bid has not been accepted at step 76. The response may include a predetermined tone generated by transmitter 26 such as, for example, a "honk" sound or the words, "Bid not taken, please bid again," communicated to a participant through device 18. If a bid has been accepted, a response is generated to the participant at step 78 such as, for example, by generating a tone at transmitter 26 in the form of a "beep" sound, the sound of a cash register ring, or the words "bid [[Bid]] taken" indicating to the particular participant at a remote location 12 that the bid has been accepted. In the most preferred embodiment, audible reinforcement of "bid taken ~~Bid Taken~~" is provided to the new high bidder each time a bid is captured. In an alternative embodiment, an additional feature may provide that the bidder whose bid has just been displaced is advised that he or she is no longer high bidder by issuing an audible "you're out" each time his bid is displaced by a higher bid. Both of these audible reinforcements are preferably sent by way of the network to the appropriate corresponding individual input devices 18, although audible tones reflecting that each new bid has been accepted may also be provided over the broadcast network as well. As additional insight, interactive voice recognition (where tone recognition is a recognized subset of "voice" recognition) features traditionally provide a one-to-one response to active input from a specific phone or other input device returned to the specific input device, and broadcast traditionally enables general feedback to all or many input devices based on input from a specific input device. The current embodiment provides one to one feedback (you're out or the like) to a specific input device (the previous high bidder) based on input from a separate specific input device (the new high bidder). Hence, in this embodiment, when a new bid is accepted from a first input device, not only does the system provide a unique feedback to the first input device (i.e., bid taken), the system provides unique feedback to a second input device which had the previous high bid (i.e., you're out), as well as a broadcast to all input devices (i.e., "yip"). Note

also, that with respect to all literal feedback provided by the system, in some embodiments the bidder registration process may include a field for primary language and the feedback may be provided in one of multiple languages chosen by or for the bidder. The present system is operable, in some embodiments, to transmit and receive information and signals in multiple languages, whether by standard or wireless telephone, radio systems or phones, television transmissions and computer communications, such as via the Internet or otherwise.

Please delete paragraph [0035] in its entirety and replace with the following:

[0035] In one embodiment, as noted briefly above, audible tones reflecting that each new bid has been accepted may also be provided over the broadcast network as well. This could be provided over the broadcast network, broadcast generally back to each input device, and/or broadcast to each input device which is not the current or last high bidder (as these input devices may be receiving specific feedback as described above). One potential approach for reflecting that a new bid has been accepted would involve the use of recorded or generated voice "yips." Different voices or yips could also be used to simulate the feel and excitement of an in-person auction, where yips from bid spotters signal receipt of new bids from the audience. Different yips could be used on successive bids taken in a straight cycle, on a randomly generated basis, or specific yips could be associated with a specific bidder or group of bidders for a single auction (not only providing a similar feel to an in-person auction, but also similar feedback where the same bid spotter ~~bidspotter~~ tends to catch bids from the same bidder or group of bidders in an in-person auction). The auctioneer may also be provided a separate control to turn up the volume on the the audio feed of yips leading to him or her as compared with other audio sources he or she may be hearing. This would enable the auctioneer to move the auction forward based on the audible response of the yips rather than having to rely on a computer screen or video monitor (again, simulating the more traditional in-person auction, only in this instance to assist the auctioneer, who most likely has primary experience in the traditional environment). This simulation of the auctioneer's more typical experience may enable the auctioneer to achieve more natural pacing and better control of the energy of the auction. Bids from remote bidders, using telephones or computers for example, may have different tones as well, allowing the auctioneer and, in some embodiments, the audience also, to better determine where the bid originated.

Please delete paragraph [0036] in its entirety and replace with the following:

[0036] In one alternative embodiment at step 80, a decision is made to determine whether the particular participant at remote location 12 has indeed made the bid by seeking a confirmation. The response to the bidder at step 78 includes a prompt to confirm whether the participant made the bid. The participant may actuate a key on a telephone keypad (such as the "*" key) at input device 18 to confirm the bid. If the bid is not confirmed, a subsequent prompt may be generated to the participant, or the participant may be routed to a help desk number, but after a predetermined time, if no confirmation is received, the participant may be locked out of participating in the next bid cycle at step 82. In the preferred embodiment, step 80 may be bypassed to increase the pace on the assumption that the already screened participants are sincere. In this event, in the most preferred embodiment, only the winning bid is confirmed as in step 102 below.

Please delete paragraph [0038] in its entirety and replace with the following:

[0038] A decision is then made by auctioneer 24 at step 86 as to whether the accepted bid was the final asking bid for the lot. If the decision is yes, the process continues to step 100 (**Figure 4**). If the bid is not the final asking bid at step 86, the asking bid is incremented in accordance with the predetermined increments established at initialization at step 66. The asking bid is then incremented at step 88 and display 32 is updated at step 90. Additionally, the new asking bid can be adjusted in real-time (either by direct input or by adjusting the automatic increments up or down as appropriate) by auctioneer 24 as the bidding approaches the final bid and subsequent close and sale. The new asking bid is subsequently communicated to participants via broadcaster system 34. The asking bid is incremented and a programmed delay (initially the delay may be predetermined by the auctioneer and input as part of the initialization) is incorporated into processor 26 before processor 26 begins accepting subsequent bids from participants at locations 12. In this manner, processor 26 controls subsequent bid acceptances to prevent overrunning of system 10 and establishes a bidding acceptance window of time. The delay is adjustable by auctioneer 24 based upon the particular bidding environment and aggressiveness of participants. After display 32 has been updated with current bidding information, the controlled or programmed time delay elapsed, new bids are then accepted at step 70. The process continues as asking bids are incremented and accepted until the auctioneer

determines that the final asking bid has been accepted at step 86, and the process continues to step 100 (**Figure 4**).

Please delete paragraph [0040] in its entirety and replace with the following:

[0040] Referring now to **Figure 4**, with the acceptance of the final asking bid, the last bidder is notified that the final bid is a winning bid at step 100. Processor 26 notifies the winning bidder and prompts the winning bidder to determine a confirmation at step 102. In one alternative embodiment, the bidder may be forwarded to a help or administration desk to confirm the purchase orally over the phone. At this time a recording could be made which provides back-up of the bidder's full intent to purchase. Additionally, at this point, or even on initial login, voice printing of buyers for security could be used in lieu of a password. Telephone based systems allow unique identification of voice prints and the ability to record, verify and use that voice print as absolute confirmation the buyer is who he says he is. If confirmation is not received, a notice is provided to auctioneer 24 at step 104. Auctioneer 24 will then provide subsequent instructions to terminal 30 for communication to the winning bidder.

Please delete paragraph [0043] in its entirety and replace with the following:

[0043] While the embodiment described above refers to actions taken by the auctioneer 24, in the most typical example, these actions are taken by an auctioneer's clerk instead of the auctioneer themselves. The description, in general, is intended to reflect the auctioneer or a clerk within immediate communication working in concert with the auctioneer. For experienced auctioneers, it is often preferred to let the clerk handle many of the computer details, while the auctioneer focuses on the progress of the auction as a whole and the energy associated therewith. This allows the auctioneer to spend more focus gathering information and calling the auction and less taking actions on a keyboard or screen. However, some embodiments may use certain separate and/or duplicate controls for the auctioneer, such as, for example, a wireless pad with a set of large clearly labeled buttons, to reduce potential conflict if the clerk and the auctioneer are not in precise synchronization. One embodiment fulfilling such a purpose is illustrated in **Figure 8** showing an auction control panel interface 600. For example, the auctioneer is preferably provided with a control to allow the closing of the sale for any particular auction of an item. This could be by means of a keyboard, a button on a touch screen computer, or even a physical

button or switch to be physically pushed by the auctioneer, for example, a button which the auctioneer hits when tapping his or her gavel to close the sale. In one embodiment, both the auctioneer and the auctioneer's clerk would have a button to close the sale, in a different embodiment, only the auctioneer personally could close the sale. Such a control could also be provided by auction control interface 600 through a software button 610. A button to transition to a warning state before bidding closes could also be provided through a software button 620. In either event, with the auctioneer able to close, the possibility of the system allowing a last second bid through after the auctioneer has announced sold but before the clerk has informed the system is dramatically reduced. In another embodiment, a control could be provided for the auctioneer to open an individual auction (one example would be a software button 630 on interface 600), preventing the accepting of bids while the auctioneer was still working on the build-up. While the problems with early bids are less troublesome than with bids after a sale is closed, this may still negatively impact the rhythm and pace of the auction or the auctioneer. In other embodiments, the auctioneer may be provided with a control to increase or decrease the bid increment or opening bid on the fly during, or just prior to opening, the auction (for example, by using software buttons in the box 640 on interface 600). The auctioneer may also be provided with a control to initiate the challenge bid process (for example, software button 650 on interface 600) where bidders are allowed to bid against themselves in an effort to reach a reserve price to close a sale. In one embodiment where challenge bidding is used, the auctioneer has the only control for allowing entry into a challenge bidding process, while in another embodiment, the auctioneer merely has an overriding control while the base control is still present with the auctioneer's clerk.

Please delete paragraph [0046] in its entirety and replace with the following:

[0046] **Figure 5** diagrams three components of the network software for the preferred embodiment of the present disclosure, the IVR System 200, the IVR Server 220 (also referred to as the teleserver 220), and the auction control panel 230. In step 210, IVR System 200 answers the phone and asks for a PIN and [[P]]password using a phrase such as "Welcome to the BidCatcher Live Auction system. To login, dial your Bidder ID number, then press the pound key." Upon receiving a touch-tone in response to step 210, in step 214, IVR System 200 checks the received touch-tone login against database 240 by way of communications process 224 on

IVR Server 220 to communications process 234 on auction control panel 230. If information in step 214 matches the database, then IVR Server 220 accepts the password and so advises the caller. If information does not match, it encourages the caller to check for correct entry. If after three tries it does not receive an entry which matches the password it then routes the caller to a live help desk or, in some embodiments, disconnects the caller in step 216.

Please delete paragraph [0047] in its entirety and replace wit the following:

[0047] Assuming a favorable password is entered in step 214, IVR System 200 then checks to see if an auction is open in step 212. IVR System 200 checks with auction control panel 230 to see if auction is open (connection not shown). If the auction is open, then IVR System 200 hands over the call to IVR Server 220 and establishes direct communication between the caller, IVR Server 220, and the auction control panel 230. The caller may participate in the auction through touch tones, which are processed by the IVR System 200 in step 218.

Please delete paragraph [0048] in its entirety and replace with the following:

[0048] IVR Server 220 has two primary components: initialization process 222 and communications process 224. Initialization process 222 [[does]] checks database 240 to verify that the password and [[id]]ID are valid, it then checks to see whether an auction is open and bidding has been enabled. IVR Server 220 checks the ID by communicating with auction control panel 230 by way of communications process 234. Auction control panel processes the login request in step 236 and validates against database 240 in step 238. Similarly, the database 240 preferably contains the information on open events, which may be searched to see that a requested auction has been opened ~~enabled~~.

Please delete paragraph [0049] in its entirety and replace with the following:

[0049] IVR Server 220 initializes for a given auction in initialization process 222 by checking with auction control panel 230 to verify the open auction and read the valid participants from auction control panel 230 for IVR validation. IVR Server 220 maintains an ongoing communications process 224 which passes data between IVR System 200 and auction control panel 230. Communications process 224 arbitrates responses and sends the responses in order of priority to the auction control panel 230. Communications process 224 on IVR Server 220

similarly responds to each bid request passed through IVR System 200 to signal a response of bid accepted or bid not taken.

Please delete paragraph [0050] in its entirety and replace with the following:

[0050] Auction control panel 230 initializes for a given auction using initialization process 232, whereby the auction control panel 230 reads a configuration file for setup information, connects with IVR Server 220, and connects with database 240. Based on input through the auction control panel 230's interface, the initialization process opens the auctions and logs to the database. Input through the interface to auction control panel 230 may also set or modify various parameters either before or during the auction as described above and below. Login steps 236 and 238 are as described above. As bids are communicated to communication process 234, auction control panel 230 checks that the bid is valid in step 242. ~~While in~~ In the preferred embodiment, auction control panel 230 makes the decision of when the controlled time delay has expired and refuses to accept a valid bid before that time[[,]]. [[in]] In an alternative embodiment, IVR Server 220 could be signaled when the bid window has opened and will through its communication process 224, only send the first bid after the delay has expired and the window is opened. Once a valid bid is accepted in step 242, auction control panel, in update process 244, updates the auction control screen using screen handler 248, updates the video graphics generator (such as a video/television graphics generator marketed under the trademark CHYRON) 246, which is producing the broadcast of the auction to monitors at the auction and in remote locations or sites, and updates the database 240. Database 240 may also contain information about the lots and reserves for the lots and other administration for running the auction. Database 240 may be modified by the auctioneer or auctioneer's clerk to make adjustments to this administrative information to account for last minute changes relating to the lots to be auctioned.

Please delete paragraph [0051] in its entirety and replace with the following:

[0051] **Figure 6** provides a diagram and flow-path of typical interactions between the bidder on the phone (the caller) and the system of a preferred embodiment of the present system from login through confirmation or disconnect. In step 300, caller dials-in, preferably by dialing a toll-free access number. In response, in step 302, the system plays a greeting back to the caller

such as "Welcome to the BidCatcher Live Auction system. To login, dial your Bidder ID number, then press the pound key." The system waits for the caller to enter an ID in step 304. After the caller enters the [[an]] ID, preferably using touch tones, but alternatively with voice commands, and even with voice identification software for added security interpreted by an IVR component in or working with the system, in step 306 the system validates the ID. If the ID is already in use, then in step 308[[,]] the system responds to the caller "I'm sorry, but that Bidder ID is already in use" and returns to wait for a different input. If the ID is invalid or not recognized, then in step 310 the system plays a message such as "I'm sorry, but that Bidder ID is not recognized," or "I'm sorry, but I didn't get your entry," possibly followed by "Please refer to the Bidder ID number that was provided to you and dial that number now, then press the pound key." Step 310 then returns to wait for a different input. Although not shown, after a set number of failures, the system in some embodiments may play a message like "I'm sorry you're having trouble. Please contact our help desk at the number shown in your catalog. Goodbye," and then disconnect the caller. Alternatively, after a set number of failures, the system could automatically route the caller to the help desk.

Please delete paragraph [0052] in its entirety and replace with the following:

[0052] If the ID is validated, then in step 312[[,]] the system plays a login ok message and marks the ID to be added to a list of in-use [[ID's]] IDs. Step 312 also involves checking the state of the auction to be able to properly respond to any inputs from the caller. When no auction is active at all it may play a message like: "There are currently no auctions being held. If you have any questions or you'd like information about the BidCatcher Live Auction System or the next auction, please call _____. That number again is _____. Thank you for calling. Good-bye," and then disconnect the system.

Please delete paragraph [0053] in its entirety and replace with the following:

[0053] If auctions are available, the system may play a message like "Thank you! You are now logged into the BidCatcher system. <pause> To bid, press the # key on your telephone keypad. If you are the winning bidder, press the star key when you're asked to confirm your purchase." When a key is activated by the caller, the system then checks or rechecks the auction state. If the auction is closed, it moves to state 314. If the # key has been pressed, then in step

316 the system may play a message like "Bids are not being accepted at this time. Please wait until we open for bidding on the next lot." The system then returns to the auction state 314. If the star key is pressed, then in step 318 the system plays a message indicating that confirmation is not necessary and returns to auction state 314. Finally, if a disconnect is received (the phone is hung up) then the system goes to step 320 and removes the ID from the list of in-use [[ids]] IDs. When the auction is started and the start command received from the auction control panel, the auction state moves to state 322 or the open state.

Please delete paragraph [0054] in its entirety and replace with the following:

[0054] If the auction is open in state 322 and the star key is pressed, then in step 328 the system plays a message indicating that confirmation is not necessary and returns to auction state 322. If a disconnect is received (the phone is hung up), then the system goes to step 320 and removes the ID from the list of in-use [[ids]] IDs. If the # key is pressed, the system checks to see if the bid window is open. While illustrated here with the delay before opening the bid window as being the amount of time since the last bid, this is merely another method for accounting for the delay. The preferred method for the delay is the number of seconds since the new asking bid was broadcast. However, since the time from the entry of the last bid and broadcasting of the new bid is virtually instant and does not involve a communication delay (with all of this gap between entry of last bid and broadcasting new bid taking place within the auction control system), defining the time as the delay from the last bid has, as a practical matter, the same effect as defining it as the delay from the broadcast of the new asking bid, and for the purposes of this application, the two alternatives will be considered equivalent. Similarly, other minor events in that sequence occurring within the auction control system could also be used as the benchmark for the start of the delay and (with differences in the hundredths of second range or less) will result in equivalent results within the spirit of this disclosure and its claims. In any event, if the # key is pressed within the delay window (the period of controlled time delay time after the broadcast of the new asking bid before the new bid acceptance signals will be accepted), then in step 324 the system will play a message like "Bid not taken." If the # key is pressed after the programmed delay has run and the bid acceptance window has opened, then in step 326 the system will play a message like "Bid accepted", send a bid command to auction control panel 230, reset last time bid, and record the [[id]] ID as last bidder in data base 240.

Please delete paragraph [0057] in its entirety and replace with the following:

[0057] When the sold command is received, bidders who are not the last bidder are moved to state 336. At this state other attempts to bid are rejected in step 338 with a message like "Bids are not being accepted at this time. Please wait until we open for bidding on the next lot." If other than last bidder attempts to confirm with the star key, then in step 340 a message is played like, "Confirmation is denied because you are not the winning bidder. When asked to confirm your purchase, please press the star key only if you are the winning bidder." If in state 336 a disconnect is received, then in step 320, the ID is removed from the list of in-use [[ID's]] IDs.

Please delete paragraph [0060] in its entirety and replace with the following:

[0060] **Figure 7** identifies a collection of sequenced events and how the various components interact to develop and maintain the events. These include: initialization in steps 450-452; user login in steps 460-468; the auction start in steps 490-492, close in step 520, and sold in steps 536-538; and various attempts to use one of the key preferred function keys (# or *) during various states in the auction in steps 470-474, [[steps]] 480-484, 500-508, 510-514, 530-534, 540-544, 550-554, 560-564, 570-578, and 580-582.

Please delete paragraph [0061] in its entirety and replace with the following:

[0061] Other alternative functions not illustrated may include a reminder (if idle longer than X seconds the IVR plays reminder). For example, in one embodiment, every 120 seconds the system plays the following to remind caller that system is still alive: "The BidCatcher system remains open for your bids. <pause> To bid, press the # key on your keypad." While only the # and star [[key]] keys are married to bidding responses[[.]], [[T]]the other functions are available for other purposes. In the preferred embodiment, the use of the zero key routes caller to a live help desk. This is accomplished manually by touching zero or automatically after three successive failed attempts to register. As discussed above, automatic forwarding could also happen in response to a successful bid to get in-person confirmation (preferably with an audio recording of the conversation) over the telephone by the help desk. Other assistance functions could be attached to other keys such as the "7" key routing to a credit person or the "9" key routing to a transport person.

Please delete paragraph [0062] in its entirety and replace with the following:

[0062] In one alternative embodiment, the credit of the remote bidders may also be tacked and monitored. On registration to become a bidder, a credit level or limit may be attached to the user [[id]] ID of the bidder. The system could then monitor their bids and total won auctions for that ID and prevent the bidder from bidding beyond their credit limit. The system could also automatically route a telephone call to the live help desk or alternatively a credit desk when the bidder reaches his or her credit limit. Finally, the system could automatically route all buyers to a credit desk after purchase to ensure no unexpected credit difficulties. In another embodiment of the present disclosure, a website or other access gateway may be provided to allow consignors and/or buyers to receive live on-the-fly reports of their sales and purchases at the auction and of their relative position with respect to their credit line. It could, for example, show reports of where a buyer stands with respect to their credit line (and possibly a button to request a line increase as desired). It could also show how much a consignor had sold, how much a buyer had spent, and the net cash position (including both purchases, if any, and sales, if any) of an entity that is consigning or buying or both. In this manner, the entity's credit line may be adjusted either positively to reflect sales of the consignor's goods, or negatively based on entity's purchases. This allows the entity to take full advantage of its credit limit at the auction, which promotes more aggressive and/or competitive bidding.

Please delete paragraph [0063] in its entirety and replace with the following:

[0063] In another alternative embodiment, the system may be set to dial-out to a bidder requesting notification when a specific lot is coming up for auction. The system follows the progress of the auction and calls the bidder "x" lot numbers (preferably at least 3 lot numbers ahead, but possibly more depending on the anticipated speed of the auction) prior to the one he has selected. It reminds him he asked for a call, that his desired lot # will sell soon, [[and]] asks for his password, and then starts the process at 304. The buyer is bid enabled when he satisfies the system that he is authorized to bid. With this type of automated calling of individual bidders just prior to sale of previously identified lots, they needn't watch the entire broadcast yet can be certain to be "present" when their areas of interest are to be sold.

Please delete paragraph [0064] in its entirety and replace with the following:

[0064] One minor embellishment in auctions of the type addressed by the present system is the function "choice and privilege or pick and choose". With multiple similar, almost identical items, the auctioneer groups the like items and then allows the high bidder the privilege, but not the obligation, to select as many and whichever items in the group and acquire each of them for the same high bid. One embodiment of the present system automates the choice and privilege function by special code fields in the database 240 that enables the system to group certain lots together for sale. Any time choice and privilege applies, the high bidder confirms his high bid in the usual fashion (* key) and is automatically call forwarded to the auction clerk on the auction stand. The clerk asks him for his choices, announces sale of those items, hangs up, and the high bidder returns to his prior status as bid enabled. The auctioneer asks for others who want any of the remainder for same money. The first bidder to hit the # key after the window opens wins the next sale of the remaining items in the group. The *key confirms and they too are routed to clerk for repetition on remaining lots in the group. If no # key is entered, then the auctioneer resells the remaining lots with choice and privilege by restarting the auction cycle for the remaining lots in the choice and privilege group.

Please delete paragraph [0065] in its entirety and replace with the following:

[0065] Another common embellishment on this type of auction is the presence of a reserve or minimum accepted price for a lot. In a preferred embodiment, the system may accommodate this feature by looking at the database to determine if the seller placed a minimum selling price on the lot after closing the sale but before asking for confirmation and before accepting confirmation. If no minimum exists or if the minimum is below the final bid, then the item proceeds to confirmation and sale. If the minimum or reserve is greater than the highest bid at time of closing, then the system will not allow confirmation, and in the preferred embodiment it will display a graphic "RNA" for reserve not attained and will transmit an audio message over the IVR system which says, "Reserve, [[N]]not [[A]]attained." The system would then move to a closed state waiting for instruction from the auction control panel.

Please delete paragraph [0066] in its entirety and replace with the following:

[0066] In one embodiment for dealing with reserves, particularly where a particular auction item is not apparently going to reach its reserve, consignors are given the ability to change the reserves on the fly. This may be provided through a number of techniques. In the event that after or during observing the course of earlier auctions of similar lots, the consignor makes a decision to modify the reserve on their own lot prior to commencement of the auction for that lot, they may call the help line to change the reserve by hand ahead of time. In another embodiment, the IVR system may be used for changing the reserve on the item when it is actively under auction, providing the ability to remotely lower the reserve without human intervention by anyone but the consignor and without interrupting the auction process during the course of an active auction. One approach would involve the consignor calling in on a separate line to remove or modify a reserve, while another approach would allow the consignor to control the reserve from the same line used for bidding. This would allow the consignor who is also bidding on other lots in the auction to simply call in on one line and stay on that line to handle both functions. In one simple embodiment, the consignor may simply hit two keys (for example * and then 1 or preferably similarly positioned buttons which have some degree of separation on the keypad to reduce accidents, even on opposite ends of the key pad in some instances) to release the reserve if the consignor is satisfied with the level the bidding has reached at that point. In this embodiment, once both keys are hit in sequence, the reserve would be lowered to the current bid (or, less preferably, it could be removed entirely) and a notification sent to the auctioneer of the changed reserve. By lowering to the current bid rather than removing, the consignor is protected from a sale at an unintentionally lower price in the event there are bid retractions or other reasons the bidding might be wound backwards before closing. More complex embodiments might have more detailed control of the reserve, but often the simpler more foolproof approach is preferable.

Please delete paragraph [0067] in its entirety and replace with the following:

[0067] In another embodiment of the present disclosure, the website or other access gateway discussed above with respect to credit and sales status may also be provided to allow modifications with respect to reserves and proxy bids. For example, a consignor may be allowed to drop the reserve on a consigned item prior to commencement of the auction on that item

through use of a web-based system. This would preferably supplement, rather than replace, the above-discussed call to the help desk to drop the reserve. Once the item's auction has commenced, then the approach described in the paragraph above would be used to ensure timeliness of the response. The website or a similar access gateway could also be used to establish proxy bids on items. This could either be done before the day of the auction, in some embodiments even the day of the auction, but before the item itself has commenced its auction, or in less preferred embodiments it could be accomplished anytime prior to closing of the auction of the item. The last choice imposes more risk that the auction will close before the new proxy makes it into the primary system and would be less preferred for that reason.

Please delete paragraph [0068] in its entirety and replace with the following:

[0068] The impact on auction activity by proxy bidding is managed by the present system in a number of ways. For example, a high proxy bid entered into the system 10 too early in the auction may have a negative impact on the auction and quell auction excitement. For this reason, in one alternative embodiment, a single proxy bid may be entered a number of times in different increments throughout the auctioning of an item up to the proxy bid. For example, a proxy bid of $100 for an item that is currently bid at $75 may be injected into the auction at intervals such as $85, $95, and $100, provided there is other bidding. The number and amount of these intervals may be programmed into the system or modified during the auction. The system 10 may programmed to manage proxy bidding in a number of other ways as well, including determining whether proxy bids are entered before or after remote telephone, computer or live bidders. Another embodiment may help manage proxy bidding by sounding different tones when a bid is from a proxy bidder, similar to the approach discussed above where different tones might be sounded to distinguish remote bidders. This approach could be extended to distinguish other classes, categories, or locations of bidders, including ~~bidspotters~~ bid spotters and the auctioneer as well as other potential geographic distinctions and the like. In any event, the distinction in tones could be provided strictly to the auctioneer and/or those otherwise administering the auction, the bidders as a whole, or combinations or selections of any of these groups.

Please delete paragraph [0069] in its entirety and replace with the following:

[0069] The disclosure above discusses the ability of the auctioneer or the auctioneer's clerk to dynamically adjust (preferably using touch screen administration on the auction control panel interface 600, one embodiment of which is illustrated in **Figure 8**) the opening ask and the opening bid increment and to change the size of the bid increments on the fly and have changes immediately reflected on the auction control panel. The opening bid increment would be shown in box 640 and around the display of the asking price in boxes 700 and could be changed before commencement or on the fly after the auction has started. In the normal course of an auction, the classic auction style is to reduce increments, as fewer bidders remain in the hunt 1000, then 500, then 250, then 100. Also, while the common pattern is to reduce increments, in some hot auctions, particularly with unique, difficult to value goods where the movement is less predictable, it may also be desirable to increase the bid increment to accelerate the flow of the auction upwards, so the preferred embodiment of the system provides the ability to increase or decrease the increment. In the normal reduction pattern, a lot priced at 10,000 might call for 11,000, if no answer...then 10,500, if no answer then 10,250, and then 10,500 and then 10,750 etc. At some auction houses, they use a different procedure. They drop from 1000 to 500, then to 200 or 300 depending on the last bid. Bidding would go 10,000, 10,200, 10,500, 10,700, and 11,000. One embodiment of the present system has automated this function so that if the 2,5,7 option is selected, when clerk selects the next increment down from 500 hundred (250) the displayed ask is 200 or 500 or 700 or 1000 depending on last bid. This provides a very valuable supplement to auctioneer and is otherwise difficult to impossible to execute manually by clerk. Similarly, other auction houses follow the following bid increment system, increasing in steps from 10 to 25 to 35 to 50 to 60 to 75 to 85 to 100. These increments may also be programmed as an alternative setting made through the auction control panel, again simplifying the maintenance of the auction by the auctioneer and his clerk using the system, while retaining the traditional increments of the auction customer. A similar feature enables the auctioneer, or others, to decrement the bid where no bid is received at an opening price.

Please delete paragraph [0070] in its entirety and replace with the following:

[0070] While the disclosure above focuses on the remote participants in a live auction, in its most fully realized state, the system will permit the integration of bidders at the auction site, at

remote locations in other rooms in the building at the site, and in remote locations geographically disparate from the auction site. In more traditional auctions, the auctioneer leads the auction from the auction room. A collection of bid spotters will be strategically positioned in a large room to assist the auctioneer by spotting bids and calling out on behalf of the bids they spot. The auctioneer may also spot bids personally. In one embodiment of the present invention, bid spotters (including the auctioneer in some embodiments) use their own input devices, for example, radiophones such as 900 Mhz phones, walkie-talkies or other RF devices, cellular phones, pads, or other devices operable for wireless or wired communication, to provide instant capture of the bids they spot by the present system. Communication with wireless devices may occur using well [[know]] known techniques such as WiFi or Blue Tooth. In another embodiment, the system may, for example, employ voice-recognition systems to log these bids from bid spotters. In this sense, the system enables a level playing field even where remote bidders are not involved, by avoiding the challenges in very large facilities where the auctioneer may miss the first bid in favor of a second because of the direction he or she is looking. Similarly, either with or without the bid spotters having this ability (although preferably with), the auctioneer or the auctioneer's clerk may be provided with a direct link with the system to spot bids on their own and capture them into the described auction system.

Please delete paragraph [0071] in its entirety and replace with the following:

[0071] A common programming feature preferred in the previously discussed embodiments prevents an individual bidder who logs in from their input device, preferably a telephone (cellular or otherwise), from bidding against themselves by preventing additional bidding from that ID when that ID is the high bidder. To accommodate the use of phones by bid spotters, they are given unique [[ID's]] IDs which are permitted to trap multiple bids, where it is then the responsibility of the bid spotter to know which individual's bid he has caught at any one time. The system, however, objectively arbitrates which bid spotter was first in with the new bid. In such a manner, the computer may be used as a system to improve auctions even at the auction site itself, in addition to the ability to then relatively seamlessly integrate a series of remote locations into the same process.

Please delete paragraph [0072] in its entirety and replace with the following:

[0072] In some embodiments where bidders are prevented from bidding against themselves, an additional feature may be present which addresses a potential problem with reserve auctions. If the high bidder is beneath the reserve and no other bidder is continuing to bid up the price, then a situation may be reached where the item will not be sold even where the high bidder might have been willing to pay more for the item to meet the reserve. The additional feature, referred to as challenge bidding, may allow the auctioneer or the auctioneer's clerk to lift the prevention on bidders bidding against themselves in order to allow the bidder to bid up the price in an effort to meet the reserve. On the auction control panel interface 600 embodiment of **Figure 8**, button 650 may be used to open such a round of challenge bidding. Once challenge bidding is initiated, preferably other bidders may also rejoin the process, if desired. Another option for this embodiment is to implement a secondary restriction which will only allow a bidder to bid against themselves until the reserve is met and then return to the original condition where a bidder may not bid against themselves. The change to challenge bidding for a given auction is typically done on the fly during the course of the auction of an item without interrupting the auction.

Please delete paragraph [0073] in its entirety and replace with the following:

[0073] In another embodiment of software implemented bidding restrictions, bidders from the same dealership or from affiliated dealerships may be prevented from bidding against each other in the same manner that bidders are prevented from bidding against themselves. The dealer (or other business relationship) relationship is defined in the process of setting up participation and may be associated with the bidder ID in the system. In this manner, bidders who are not in good communication with associates from the same ultimate business entity may be prevented from accidentally driving up the price of an item when both are attempting to acquire it for the same end user. Similarly, restrictions may be put in place which prevent a consignor, or a bidder affiliated with a consignor, from bidding on the assignor's own consigned auction items. In this manner, an affiliate of a consignor may be prevented from accidentally buying an item from his own affiliated entity in situations where the consigning entity is not clearly identified. It also would act to prevent a consignor (or affiliate of a consignor) from bidding up their own lot in an effort to increase sale value or act as a hidden reserve.

Please delete paragraph [0074] in its entirety and replace with the following:

[0074] In another embodiment of the auction as described above, it may be desirable to allow bidders in the auction room, or even in a remote room using bid spotters, to bid anonymously using their cell phones or bid to bid spotters or both (competitive nature of some bidding is such that bidders want to confuse their competitors). In such a case, as discussed with respect to audio through the phones above, the delay of the audio provided to phones of users who are known to the system to be present at the auction site may be chosen to be zero to prevent confusion between the live audio they are hearing and the audio presented through their phones.

Please delete paragraph [0077] in its entirety and replace with the following:

[0077] In the most preferred embodiment, there is an integrated bidding system with an absolutely level playing field as to latency and fairness for all participants regardless of their location, technical competence, or sophistication of their equipment or network. In developing and improving the system, analysis of latency has provided the following formula which has proved helpful in anticipating the desired delay time:

LS= Latency Setting

B= Inherent latency of Bid transmittal system (in telephony we are guaranteed no more than 60 milliseconds)

C= Human ability to comprehend and respond to visual/audio information (estimated for the purposes of this formula to vary between 0.05 and 0.30 seconds).

D= Inherent delay in video transmission (varies according to broadcast methods.... from virtually zero for locally broadcast analog video...to approx 1/4 second for a non encrypted analog video signal broadcast over satellite[[.]]... to 2 or more seconds for encrypted digital broadcast[[.]]... and who knows for streaming video over the internet?)

Accordingly, the ideal full comprehension latency setting (which could be used as the initial latency setting) for a given auction environment is LS=B+C+D.

This would ideally provide a complete comprehension of the new information being broadcast before allowing any bids to be entered.

Please delete paragraph [0078] in its entirety and replace with the following:

[0078] An alternative approach to considering the latency settings follows. The principle of latency setting involves certain assumptions and rules. A perfect setting is one where the programmed delay window is just longer than the longest latency for the most latent participant. Accordingly, correctly setting the delay requires knowledge of the actual current audience, the method by which each member of that audience receives his information, and the inherent delay experienced by the most latent participant in that audience. Various delivery methods differ in their broadcast latency. Various bid response methods vary in their transmittal latency. Various individuals comprehend and respond to information at different rates (also latency). As a result, the administrator should take all these elements into account in determining the optimal problem free setting. As stated previously, the optimal setting is where the delay window is just longer than the longest latency for the most latent participant. It is conceivable that each individual password (or the information stored in the database associated with that User ID) will also contain data on the latency inherent in that participant and that as each new bidder signs on the setting automatically adjusts to the highest common denominator thus ensuring a perfect setting. In such a case where early participants are all located in the auction room, then only human comprehension needs to be accounted for. As more participants sign on who are just analog non-encrypted participants, then the setting adjusts upward slightly to account for them. As more sign on who happen to be analog encrypted, another upward adjustment. Then digital encrypted participants would produce another upward adjustment. Then overseas encrypted participants taking their signal from the digital encrypted US signal would again produce an upward adjustment. As bidders disconnect, the system looks for the most latent participant and resets according to the new highest common denominator. As discussed below, this full latency delay would be the setting that is activated as the auction nears conclusion, but may not be the setting employed in the early going which could easily be setting divided by 2 or 3, but never less than enough time for reasonable comprehension. This approach would make the setting dynamic and more probable to be optimal than the manual adjustment by the clerk, yet the clerk has the means to override the dynamic setting by adjusting the "never less than" amount on his control panel.

Please delete paragraph [0080] in its entirety and replace with the following:

[0080] In some rapidly moving auctions, the full latency would slow the auction down unacceptably, particularly in the early going when momentum should be building. The implementation of a full delay could damage the pace of an auction. To improve the pace, a decision may be made to implement an initial time delay which is short enough that not everyone may always have complete comprehension, but at the lower levels of an auction accidental overbidding is less disturbing to the bidders. Then, as the close or sale approaches and someone may be permanently caught on a missed bid, the delay is moved up to the full amount believed necessary for full comprehension. The system may use several factors as an indicator of the time to initiate full latency. For example full latency may be implemented at a specific prompt by the auctioneer that the auction is winding up, it may be triggered when the increment by which the bids are increasing becomes smaller to a selected level (indicating that there is less activity as the close of the auction is near), or it could be triggered when the time between bids stretches out to a certain distance (again indicating less activity and also indicating that there is less concern with the latency slowing down the pace of the auction). While in the most preferred embodiment discussed above, the latency is manageable by the auctioneer on the fly to tune precisely to the course of the auction; it may also be desirable to build in some automatic latency settings and improvements to reduce the need for on the fly changes.

Please delete paragraph [0081] in its entirety and replace with the following:

[0081] At present, for embodiments focusing on improving automating latency and adjustments, for initial settings, the preferred initial latency setting (the time delay setting) is between 0.2 and 3.5 seconds, more preferably between 0.3 and 1.5 seconds, and most preferably between 0.5 and 1.0 seconds. For broadcasts involving digital communications by satellite, the preferred final latency settings are between 1.5 and 3.5 seconds, more preferably between 1.75 and 2.25 seconds. While in some circumstances, it is possible to remain at the initial latency setting ~~through out~~ throughout the auction, it is preferred to move from the initial latency setting to the final latency setting near the close of the auction. The most preferred method of making this shift is by timing the delay between bids received. In the most preferred method, when the delay between bids received reaches a certain multiple of the initial latency setting, the system automatically migrates to the final latency setting. The preferred multiple is between about 1 and

3 times the initial latency setting, more preferred is between about 1 and 2 times the initial latency setting, and most preferred is about 1.5 times the initial latency setting.

Please delete paragraph [0082] in its entirety and replace with the following:

[0082] While in the latency control embodiments discussed above, the latency setting is universal for all participants, either local or remote; in an alternative embodiment there may be independent latency control for auction room participants. While applicable generally, this is particularly useful in the embodiments where bid spotters in the sale room are using phones to capture bids and it would be highly undesirable for the bid spotter in the live environment (where accidental overrunning is much less likely without the broadcast delays) to be unable to capture a bid due to the delay time period. Independent adjustment of their latency ensures smooth operation in the auction room. While this may provide a small advantage to participants in the auction room, this is traditionally considered an acceptable benefit for taking the trouble to attend the auction site in person. Similarly, this reduced or eliminated latency could also be provided to bidders who are remote from the main auction room itself but are still located in alternate rooms in the same facility or complex. Their broadcast would not be traveling to satellite so they also are not subject to one of the largest delays which can lead to confusion. Again, it may provide a slight advantage to people who have traveled to the auction venue either in the auction room itself or in alternate rooms which, while remote under the definitions of this disclosure, are still within the grounds of the primary auction site. While in some instances it would be preferable to eliminate latency for these bidders, if the decision is made to independently manage the latency of these bidders a preferred latency would be between 0.1 and 0.5, more preferably between 0.1 and 0.3 seconds to still help reduce overrunning due to human comprehension time and the "inhuman" nature of the system recording and incrementing the new bids.

Please delete paragraph [0083] in its entirety and replace with the following:

[0083] This disclosure addresses the possible use of phones by bid spotters and/or the auctioneer or even the use of direct connections (which, for example, may be hard-wired or radio remote to a hard-wired connection) by either type of entity (available, for example, by integrating a mini network) so that those within the auction room are relieved of need to use a

telephone as an input device but can do so if they so choose. In either event, the auctioneer or bid spotters may capture bids of those in the room into the auction system by use of such direct connections. The use of hard-wired connections or other direct connections not traveling through the phone network could also be singled out for independent latency control or elimination of latency altogether. This could give priority to any bid trapped by auctioneers and bid spotters in the point of origin, thus ensuring that buyers present on site have a slight advantage over absent buyers. This will be invisible to virtually anyone but avoids issues of obvious confusion in the live auction room. In summary, independent latency adjustments may be made to the auctioneer and/or the auctioneer's clerk, the bid spotters in the main auction room, the bid spotters in other rooms geographically close but remote from the main auction room, independent bidders present in the main room, or independent bidders in other rooms geographically close but remote from the main auction room. Similarly, independent latency adjustments may be made to some combination of these entities or defined groups of these entities as a group.

Please replace paragraph [0084] in its entirety and replace with the following:

[0084] One other aspect of latency to be considered relates to the ability of bidders on site to have their bids fairly captured by bid spotters using input devices. In this instance, while these bidders would not experience any of the broadcast delays, they face not only delay based on their own reaction time, but also a delay based on the reaction time of the bid spotters to the call or signal of the bidders. This extra delay could place these local bidders at a disadvantage against remote bidders. Since it is typically not acceptable to disadvantage the bidders who have personally attended the auction site, this may also call for some additional latency on the remote bidders to account for the reaction time of the bid spotters, possibly between 0.1 and 0.3 seconds or as otherwise discussed elsewhere in this section. This should actually help level the playing field or err to the side of creating advantage for local bidders rather than the other way around. Further, in some auctions, to maintain the traditional feel, the bid spotters may perform in the traditional manner, with their "analog" yips rather than using the input devices themselves. To accommodate this, a clerk or additional administrator with a keyboard would catch the bid spotters' yips and press the appropriate key to capture them into the system. This adds yet another comprehension delay, the bidder recognizing the new asking bid, the bid spotter

recognizing the bidder's signal, and the clerk recognizing and then capturing the bid ~~spotters~~ spotter's yip. In these events, another 0.1 to 0.3 seconds should be added to the latency of the remote participants (giving remote participants the longer delay), resulting in anywhere from 0.2 to 0.6 seconds delay, more preferably 0.3 to 0.5 seconds delay. Again, these delays may alternatively be accounted for based on similar accounting for human comprehension elsewhere in the specification.

Please delete paragraph [0085] in its entirety and replace with the following:

[0085] In another embodiment, facilities may be provided to allow proxy bidding using the computer system to provide the bids up to a threshold set by the absentee bidder. These bids may be taken into account along with the remote bids, local bids, and bids captured by ~~bidspotters~~ bid spotters or the auctioneer. In such an embodiment, there is a preference to add a built in additional delay (or latency) before the computer is allowed to enter and accept the proxy bids, to prevent any advantage accruing to the absentee bidders as compared with either attending or active remote bidders. This delay would provide time for remote bidders to receive the updated information, comprehend it, and have time to respond with their own bid before the proxy bid would automatically take effect. In the absence of such a delay, the proxy bidders would almost always win the current bid until their threshold was reached and the auction would progress at an extremely high speed (faster than the control of the auctioneer) if there were more than one proxy bidder involved until one of the proxy bidders threshold had been reached. It is believed this would reduce many of the positive factors in having a live auction with a live auctioneer. A preferred delay for proxy bidders would be at least 2 seconds longer than the actual latency for the most latent bidder (a remote bidder with a satellite link in their broadcast), more preferably 2 to 5 seconds, and most preferably about 3 seconds. This preferred delay could also be implemented against whatever the longest system programmed delay is rather than the actual latency of the various bidders, since, as noted above, the programmed delay may be run at something less than the actual latency at some or all points during an auction. In absolute terms, experience has demonstrated a preference for between 4 and 5 seconds of absolute programmed delay for proxy bidders. In summary, for the most preferred latency control settings, the shortest latency control would be provided to ~~bidspotters~~ bid spotters and possibly local bidders, the next shortest control to remote bidders, and the longest latency control to proxy bidders.

Please delete paragraph [0088] in its entirety and replace with the following:

[0088] ~~Figure 9~~ **Figure 9** illustrates another embodiment of the system 10 including an auction system 800 communicating with a remote bidder system 802 for receiving bids. The auction system 800 may include one or more computer systems, such as network servers, and the receiver/transmitter processor 26 for auction operation. The auction system 800 communicates via the internet 804 (or other network 806, whether private, dedicated or other networks)[[,]] with the remote bidder system 802. The auction system 800 may also include, in some embodiments, the broadcaster system 34, the display 32, the terminal 30, and other systems or combination of systems such as those discussed above. The communication between the auction system 800 and the remote bidder system 802 may be accomplished via the [[i]]Internet 804 using well known communication technology and may or may not be encrypted or otherwise securely transmitted. Where encryption is used, secure socket layer (SSL) or other encryption technologies may be employed, and a virtual private network (VPN) and/or additional security measures may be employed.

Please delete paragraph [0089] in its entirety and replace with the following:

[0089] The remote bidder system 802 may be a standard computer system having a display 810 and that is operable to access the [[i]]Internet 804, such as by using an internet browser. As such, the bidder or user of the remote bidder system 802 may view the auction over the [[i]]Internet 804 where the auction system 800 broadcasts the auction, such as by a webcast or otherwise to an [[i]]Internet 804 locale accessible by the remote bidder system 802. The remote bidder system 802 may log into a website, view pictures, streaming audio and/or video, and other information about the auction, and participate in a particular auction. The remote bidder system 802 is not limited to a computer and may be any device operable to access the auction system 800, via the [[i]]Internet 804 or otherwise[[,]]; such as, but not limited to, a personal digital assistant (PDA), a wireless or other telephone or device, or other devices or systems now employed or developed hereafter with such capability.

Please delete paragraph [0090] in its entirety and replace with the following:

[0090] The remote bidder system 802, in the present embodiment, may be provided with a client application operable on the remote bidder system 802 to receive information from the

auction system 800 about one or more ongoing auctions. For example, where the remote bidder system 802 has a high bandwidth connection to the [[i]]Internet 804, streaming audio and video may be received by the remote bidder client, including live auction broadcasts and information, video or still pictures of the subject of the auction, and current bid, ask, and other relevant auction information. Where the remote bidder system 802 has more limited communication capability or bandwidth, the remote bidder system 802 may only be provided with one or more still pictures of the subject of the auction, and perhaps only the current asking bid for the item being auctioned. A number of combinations of the information may be provided depending upon the bandwidth and communication capabilities, hardware, and other limitations of the remote bidder system 802. In a preferred embodiment, the remote bidder system 802 may receive a plurality of images, such as graphic files, of the subject matter of the auction which may be periodically cycled or scrolled for viewing on the display 810. The client application may also include a crawl on a portion of the display 810 providing the user with useful information about the subject matter of the auction, including quality, history, seller, and other information potentially useful to a bidder.

Please delete paragraph [0091] in its entirety and replace with the following:

[0091] The client application may include a client bid box 812 operable on the display 810 to provide the user or bidder with the bid pricing information, such as last bid 814 and current ask 816, for the subject of the auction. A first row 818 may provide the last bid 814 and ask 816 in a first currency, while a second row 820 in the client bid box 812 may provide the last bid 814 and ask 816 in a second currency. A number of additional rows may be provided, each displaying the bid pricing information in different currencies, which may be useful and relevant to user or bidder based upon their geographic locale or nationality. The client bid box 812 is illustrated as having limited information which may be beneficial to promote efficient communication over a computer network, such as the [[i]]Internet 804. However, other information may be displayed on the display 18, whether or not within the borders of the client bid box 812, to provide the bidder with sufficient information to make bidding decisions and participate in the auction.

Please delete paragraph [0092] in its entirety and replace with the following:

[0092] As described in detail above, latency and delay techniques may be used to ensure that the price, such as the current ask price, at which a bidder places a bid, is the same price that the auction system 800 enters or accepts the bid for that particular bidder. Latency over the [[i]]Internet may be more complex to account for, however, than over more predictable networks, such as standard telephone networks as described above. Instead, in the present embodiment, the client application on the remote bidder system 802 tags the bid sent from the remote bidder system 802 to the auction system 800. The auction system 800 uses the bid tag to verify, before accepting the bid, that the price (such as the current ask price) which was present in the remote bidder system 802 at the time of the bid at the remote bidder system 802, has not changed or is the same as the price (such as the current ask price) at the auction system 800 at the time the bid is received by the auction system 800. This bid tagging ~~techniques~~ technique may eliminate the need for programmed delay latency considerations for remote bidding over networks such as the Internet 804.]

Please delete paragraph [0094] in its entirety and replace with the following:

[0094] The present system 10 provides a unique technique for addressing these and other associated problems by tagging the bid sent by the remote bidder system 802 to the auction system 800. In one embodiment, the auction system 800 may create a unique identifier each time the price for the auctioned item is updated, such as when a new bid is received at the auction system 800 or when the price is changed by individuals managing the auction. The unique identifier may, for example, be a time stamp generated by the auction system 800 when the new bid is received. The unique identifier might also be a uniquely generated number, combinations of the current pricing and time, or any of a number of unique identifier, stamps, tags, systems, or techniques capable of uniquely identifying a transaction. The auction system 800 would then transmit the updated bid or price information, such as the last bid 814 and ask 816 to the remote bidder system 802, including the unique identifier or tag along with the transmitted data.

Please delete paragraph [0095] in its entirety and replace with the following:

[0001] When a bidder at the remote bidder system 802 subsequently submits a bid, the bid, which may be thought of as a message or signal, transmitted to the auction system 800 may include this tag. Thus, when the bid is received by the auction system 800, the tag can be compared with the tag at the auction system 800 associated with the then current price information for the auctioned item. Where the remote bidder system 802 tag and the auction system 800 tag is the same, the auction system 800 enters the bid and associates it with the bidder at the remote bidder system 802. Where the remote bidder system 802 tag and the auction system 800 tag are different, the auction system 800 rejects the bid and notifies the remote bidder system 802 accordingly. In one embodiment, this notification could be identical to the "bid not taken" notification provided to a telephone bidder who bids while the bidding window is closed during one of the programmed delays used to account for latency in that environment. In effect, the tag, which could merely include the current pricing information, provides a means for ensuring that the price, whether bid, ask, or otherwise, for the auctioned item is the same at the remote bidder system 802 at the time when the bid is placed by the bidder as it is at the time when the bid is accepted by the auction system 800.

Please delete paragraph [0097] in its entirety and replace with the following:

[0097] Although only a single remote bidder system 802 is illustrated, it is anticipated that the present system may include a plurality of remote bidder systems 802 situated at various locations and communicating with the auction system 800 via the [[i]]Internet 804 or other networks 806. In one embodiment, it is anticipated that the remote bidder system 802 may be employed at the actual location of the auction or auction system 800. For example, a bidder or bid spotter present at or near the auction may use a device, such as a personal digital assistant, wireless phone, or other device operable to communicate over the Internet 804, to place bids. In other embodiments, the individual bidders and bid spotters at the auction may be provided with devices which communicate wirelessly or otherwise using well-known wireless technologies, such as WiFi and Blue Tooth, to communicate either directly or indirectly with the auction system 800 for placing bids. Although the Internet 804 is illustrated as a communication network used to communicate between the remote bidder 802 and auction system 800, it will be appreciated that a number of alternative communication networks and techniques may be used,

whether currently available or subsequently become available, to provide communication between the remote bidder system 802 and auction system 800. The present disclosure should in no way be limited to communication over the [[i]]Internet 804, or the actual physical location of the remote bidder system 802 or distance between of the remote bidder system 802 in proximity to the actual auction or auction system 800.

Please delete paragraph [0099] in its entirety and replace with the following:

[0099] In some embodiments, the client application on the remote bidder system 802 may be operably configured by the user to determine the type of auction information that will be transmitted and how such transmission will occur based upon, for example, the bandwidth of a particular remote bidder system 802. As bid information is updated during the course of the auction, such information may be transmitted from the auction system 800 out to the one or more bidder systems 802 on a periodic basis or predetermined basis, or only when the bid information has been updated or changed. Communication of this data may be accomplished, for example, by the client application on the remote bidder system 802 periodically polling the auction system 800 for the current bid pricing information. This latter technique may be useful where the remote bidder system 802 is behind a firewall or other security system which might otherwise reject an arbitrary signal sent from the auction system 800. By polling or requesting the information from the auction system 800, the return signal from the auction system 800 would be permitted to pass such a security system to reach the remote bidder system 802. Another technique may be to program the client application to request that the auction system 800 to transmit current pricing information only when the price is updated, such as after a new bid is received and the last bid 814 and ask 816 are updated. As discussed above, in this and a number of related embodiments, where the same information is being provided [[form]] <u>from</u> the auction system 800 to a collection of remote bidder systems 802, whether it is being pushed to the remote systems or pulled from the remote systems, and whether it is traveling to all at precisely the same time or is merely being provided or available in a generally contemporaneous manner, this information is considered to be broadcast from the auction system 800 to the collection of remote bidder systems 802.

Please delete paragraph [00102] in its entirety and replace with the following:

[00102] In another embodiment the system 10, as illustrated in ~~Figure 9~~ **Figure 9**, includes the remote bidder system 802 and auction system 800 used in combination with a second remote bidder systems 822 utilizing standard telephone systems communicating bids, such as via DTMF signals, to the auction system 800 either directly or through subsystems, as described above. The remote bidder system 822 may include aspects described above with reference to the remote location 12 and input device 18. The auction system 800 may be concurrently broadcasting, such as via the broadcaster system 304, live audio and/or video information to displays 20, described above, for viewing the auction by the user of the second remote bidder system 822. Thus, the remote bidder system 802 employing the tagging techniques previously described above may be used in conjunction with the second remote bidder system 822, which communicates bids to the auction system 800 using the above-described latency and delayed techniques or the tagging techniques. As such, the auction system 800 is operable to employ both time delay and latency, as well as filtering bid tags depending on whether the bids originate from the second remote bidder system 822 or the remote bidder systems 802. [[The]] This allows the auction system 800 to negotiate the various bids to promote an accurate and fair auction that provides bidders with confidence that the price at which the bidders intend to bid is the price that will be accepted by the auction system 800.

Please delete paragraph [00103] in its entirety and replace with the following:

[00103] The auction system 800 may be provided with vast administrative capabilities. For example, the auction system 800 has considerable business and accounting capabilities and is operable to maintain extensive information about all auction participants, buyers, and sellers. As such, the auction system 800 is operable to generate payments to sellers, via mailed check or electronic funds transfer, for items sold at auction. The auction system 800 is further operable to automatically generate invoices, after each item is auctioned or at the end of the entire auction, to buyers for their purchases, taking into account [[and]] the sale of any of ~~buyers~~ buyer's items at the auction.

Please delete paragraph [00105] in its entirety and replace with the following:

[00105] It therefore can be seen that [[in]] one embodiment of the present remote auction bidding system allows participants at remote locations from the auction site, or physically present at the auction site and using devices to submit bids, to participate in an interactive manner in an auction. Participants may view, for example, still pictures, some or all of a real-time video broadcast, via video conference, broadcast television, satellite, cable or Internet transmission and may in some embodiments listen to an audio broadcast (in addition to or separate from the viewed broadcast materials) through any of the described techniques or over traditional telephony networks (land based, mobile, or satellite), and may communicate bids utilizing an input device such as, for example, a traditional telephone or Internet accessible computers and devices. The auction is capable of incorporating and receiving bids from remote participants having multi-cultures, language, and currencies. Although more sophisticated communication devices including, for example, two-way pagers, voice recognition systems, and the Internet may be utilized with the present invention, telephone devices provide for a simple, low cost, communication vehicle for participating in an auction conducted utilizing the present system. However, devices having access to the Internet or other networks may use the system as well. In one embodiment, the communications network merely requires a telephone infrastructure which can be based upon, for example, typical long distance telephone lines, cellular (mobile) systems, and satellite communication systems. The present system is scalable to accommodate unlimited numbers of participants based upon the size of the communications processor utilized at the auction site. Additionally, communications via network 16 may be secured utilizing encryption of data between the auction site and remote locations.